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SUBJECT: INVESTMENT EXPERT HIGHLIGHTS BENEFITS OF RENEWABLE ENERGY

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¶11. (SBU) SUMMARY: With funding from the Bureau of International Information Programs (IIP), Embassy Bogota hosted the visit of Mapa Group Partner and renewable energy investment expert J.F. Scarborough April 19-22 to inform local audiences and policymakers about international investment trends in solar, wind and geothermal energy. Scarborough highlighted the employment generation and technology development aspects of renewable energy that complement the well-known environmental and energy diversification benefits. In two major public presentations, as well as private meetings with GOC officials, Scarborough also outlined the main incentives for attracting economically viable renewable energy projects and emphasized the potential for off-grid rural electrification, on-grid surge capacity, and developing technology clusters to supply components for the global expansion of renewable energy. END SUMMARY.

Keynote Presentations

¶12. (U) On April 21, Mr. Scarborough addressed approximately 45 private sector energy experts at the Center for Strategic Latin American Studies (CEELAT) followed by a presentation April 22 at the University of Rosario to over 150 academics and local media outlining the collective benefits and feasibility of renewable energy investment. In both presentations, Scarborough acknowledged that solar, wind and geothermal energy solutions remained more expensive than fossil fuel sources on the surface, but pointed to the rapidly falling prices of renewable technology and its utility in providing relatively low-cost surge capacity as keys to its increasing commercial viability. As an example of the falling cost, he cited a 25 percent decrease in the price of solar panels in the last three months of 2008.

¶13. (U) Scarborough likewise emphasized that, besides energy, successful renewable projects also generate new high-technology jobs, increase electricity supply reliability, and reduce air and water pollution. He concluded by citing Colombia's significant solar, wind and geothermal capacity and suggested that all three sources could smooth out electricity supply variations that result from the country's extensive reliance on hydroelectric power as well as help provide stand-alone power for Colombia's estimated 1 million residents without access to the national grid.

¶ 14. (SBU) Scarborough also attended a series of meetings with GOC officials and environmental experts as well as a team from the Inter-American Development Bank (IDB) to discuss the potential for investment in solar, wind and geothermal energy in Colombia. With experts from the Ministry of Mines and Energy, Scarborough reviewed the solar and wind potential on Colombia's north coast department of La Guajira and the island department of San Andres. In both cases, Scarborough suggested the excellent natural wind and solar endowment combined with the areas' isolation from the traditional electrical network offered attractive prospects for renewable energy projects. Similarly, he pointed to global examples of solar-powered rural electrification projects as examples for reducing isolated communities reliance on diesel generators while helping supply potable water and improving access to education and health services.

¶ 15. (SBU) In separate meetings with the Ministry of Environment and local representatives from The Nature Conservancy, Humboldt Center, World Wildlife Fund, and Conservation International, Scarborough stressed that environmental advocates of renewable energy should look more broadly to the value-added employment and energy supply chain benefits of renewables. He lauded the environmental benefits of solar, wind and geothermal power, but said the environmental community must prove the financial viability of such energy sources before most governments and traditional generators would move toward large-scale adoption.

¶ 16. (U) With IDB experts and Colombia's trade and investment promotion agency (PROEXPORT), Scarborough summarized the regulatory, tax, and investment incentives that numerous communities in the U.S. and Europe have used to foster successful renewable energy projects. He suggested that the IDB and other international institutions could play an important role in helping Colombia create a regulatory environment that bred the technology clusters that renewable energy investors sought as well as provide low-cost financing for investors. More important than tax or investment credits, though, Scarborough said most investors focused on the level of public sector buy-in, the availability of skilled labor, and the potential for partnerships with local suppliers and universities, when making the decision on where to invest. He also suggested that the GOC consider strategies for becoming a supplier of components for clean energy technology, taking advantage of its proximity to the U.S. market, positive investment climate, and attractive free trade zone regimen.

Media Roundtable

¶ 17. (U) In light of the high-profile of clean energy issues in Colombian media, Scarborough concluded his visit by briefing journalists from leading print media outlets El Tiempo, Dinero, El Espectador, and Poder as well as several trade publications. The participating journalists told post following the roundtable that the briefing was valuable in underscoring the ongoing international discussion of clean energy and that they planned to include material from the discussion in future reporting on the sector.

Result/Impact

¶ 18. (SBU) Mr. Scarborough's presentations on the rapidly evolving global renewable energy sector served to focus the attention of Colombian government policymakers, academics, and environmental activists, on areas such as surge capacity, off-grid rural electrification, and component development, where non-hydroelectric renewable energy could be financially viable in Colombia. While Colombia has been a leader in hydroelectric generation for years and is moving ahead aggressively with biofuels, Scarborough's presentations have helped encourage local stakeholders to look more broadly at the developmental benefits of solar, wind, and geothermal

energy. Likewise, his experience in crafting successful renewable energy investments clarified for local audiences the criteria international energy firms are seeking before making investments.

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